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Oman Seeks U.S. Defense Contract

Bowing to the wishes of the reclusive Sultan of Oman, U.S. officials are on the verge of an apparently unprecedented move: awarding a foreign company a major contract for secret American military work.

The prospect is so unnerving to security-minded U.S. experts that announcement of the contract has been held up four months while the Pentagon, the Central Intelligence Agency and the National Security Council investigate, a high Pentagon official told us.

Complicating the situation is the fear of offending the sultan, whom the Reagan administration has high hopes of converting into an American ally.

The contract in question is for the "caretaking" of three Omani facilities that the United States has spent more than \$200 million improving. The facilities can be used by the U.S. Central Command (formerly the Rapid Deployment Force). One of the facilities will house sensitive communications and intelligence equipment. Oman is the only state in the strategic Persian Gulf area that has agreed to let U.S. military forces use bases in its territory in a crisis.

Although the caretaking contract is ostensibly worth about \$50 million, Pentagon sources told us it could become a \$2 billion bonanza. Aware of this, 14 U.S. firms—and one British company, Airwork Ltd.—sent representatives on a site visit in October 1983 and submitted preliminary bids on the project.

Three U.S. companies—Northrop, Bendix and EG&G Intertech—wound up on the "short list" of

bidders after U.S. government reviews. Each firm spent \$200,000 to \$1 million on its bid. Sultan Qabus bin Said's British advisers—including his old Sandhurst buddy, Timothy Landon—made it clear to the Pentagon that they were unhappy about the exclusion of Airwork Ltd. from the contract.

Landon, who has made millions as the sultan's most influential adviser, and Eric Bennett, a British officer detached to serve as chief of the Omani Air Force, visited the Pentagon more than a year ago to solicit contracts for British firms in Oman, including Airwork. U.S. officials were understandably reluctant to turn their sensitive equipment and a lucrative contract over to a British firm, which would somehow have to obtain U.S. "secret" security clearance. But they were equally reluctant to antagonize the sultan or his British friends.

The touchy matter remained in limbo for months. Then on March 17, 1984, U.S. Ambassador John R. Countryman in Oman sent a secret cable to Washington disclosing that the Omani foreign minister had given him a diplomatic note requesting that Airwork be awarded the contract.

Another cable 10 days later reported that a Briton high in the Omani military had suggested that the contract be given to a joint venture of the British firm and an American one, Vinnell Corp.

On April 2, Secretary of State George P. Shultz secretly cabled the U.S. ambassador that he accepted the Omani foreign minister's request as the authoritative view of the sultan. But the contract award has been held up for the various investigations by U.S. agencies.